

STATEMENT OF ALAN K. CAMPBELL

CHAIRMAN, UNITED STATES CIVIL SERVICE COMMISSION,

BEFORE THE

HOUSE SUBCOMMITTEE ON EMPLOYEE ETHICS AND UTILIZATION

June 16, 1977

I welcome this opportunity to appear before your Subcommittee to testify on the President's proposals on ethics as expressed in H.R.6954, "The Ethics in Government Act of 1977."

The Administration has been spending much time and effort in the consideration and evaluation of the ethics program for employees in the Executive branch of the Government. During his campaign, President Carter expressed his interest and concern on potential conflicts of interest and even before assuming office, he released guidelines for financial disclosure by Presidential appointees. H.R.6954 embodies the Administration's recommendations for achieving high ethical standards in the Executive branch. I shall refer briefly to two parts of the bill before dealing more fully with that portion of the bill regarding the role of the Civil Service Commission in administering the program.

Public disclosure of financial statements would be required for all top ranking personnel in the Executive branch. It would cover those in the grade of GS-16 and above, including comparable officers in the foreign service and the uniformed services. The office of President and Vice President would be included.

As background, it is interesting to note that when Executive Order 11222 was promulgated in May 1965, the requirement for the filing of financial statements caused considerable concern. The President's proposal goes one step further in that it would require public disclosure by top ranking personnel, since President Carter believes that the public has a right to know the assets and liabilities of senior Government officials.

The statements of the President and Vice President and those of Cabinet and other high ranking officials within the White House and full-time members of Commissions, boards and committees would be filed with the Director of the new Office of Government Ethics to be created in the Commission. The financial reports of the other top officials would be

filed with their respective agencies and would be available for public inspection. Personnel below the grade of GS-16 would remain subject to present financial reporting requirements as contained in the Commission's regulations in Part 735 of Title 5 of the Code of Federal Regulations. The statements of these employees, however, would not be subject to public inspection.

To restrict, in so far as possible, the disclosure of financial statements to those who have a genuine concern, H.R. 6954 would make it unlawful for any person to inspect or obtain a copy of any report for any commercial purpose or for a credit rating or for use directly or indirectly for any political, charitable or similar purpose. Appropriate sanctions for violations are specified.

The financial report would contain information on the source and amount of earned income of \$100 or more. Unearned income above \$100 from any one source would be reported by value category, i.e., up to \$5,000, from \$5,000 to \$15,000, from \$15,000 to \$50,000, from \$50,000 to \$100,000 and greater than \$100,000. Gifts in excess of \$25 or gifts aggregating

\$250 or more from a single source would have to be reported, other than gifts from personal friends or relatives with whom the employee has no contact in the course of his official duties. The term gifts would include transportation, lodging, food and entertainment.

Additionally, the official would have to report each liability other than to a relative which exceeds \$2500 at any time during the course of the year. Information on personal property held in a trade or business or for investment or production of income and valued at \$1,000 or over would have to be furnished, excluding household furnishings, works of art, jewelry and collections of stamps, coins and other similar items. Securities transactions, commodities futures and dealings in real property exceeding \$1,000 in value, as well as interests in patents, copyrights and mineral leases would be included in the form.

Officials would have to identify positions they hold as officer or employee in any business, nonprofit or educational organization, other than religious, political, social or fraternal organizations.

H.R. 6954 provides that any agreement for future employment

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would be made public as would continuing relationships with former employers,

such as bona fide pensions, employee benefit plans and leaves of absence to take Government employment. I observe that H.R.3928 before your Subcommittee covers this subject of private employment in that it would require employees whose rate of pay is equal to or greater than the minimum for grade GS-13, to disclose positions held by them during the three years preceding and following their employment with the federal Government. According to statistics compiled by our Commission, this bill would mandate public reporting for over 500,000 federal employees, embracing as it would employees in grade GS-12 at or above step 7 by reason of their pay being equal to the minimum compensation for grade GS-13. It would intrude upon the private lives of too many federal employees whose positions do not warrant such a probing. At present, employees in the grade of GS-15 and below, who are involved in contract procurement or the rendering of decisions in economic matters affecting the public, must submit statements of their financial interests under the Commission's regulations issued pursuant to Executive Order 11222.

A second major improvement proposed by the President is in the field of post employment where the Administration would seek, in so far as it is

reasonably possible, to eliminate the "revolving door" syndrome. H.R. 6954 would amend and strengthen section 207 of Title 18, United States Code, which presently restricts in a limited fashion the post employment activities of former federal employees. The amendment would enlarge from one year to two years the prohibition against appearing before a former official's agency on a particular matter which was within the official's responsibility while he was with the Government. A totally new concept would be added to section 207 in that agency policymaking officials would be banned from making any oral or written communication to any person in the agency in which he previously served regarding any official matter which is pending before that agency or in which the agency is a party or has a direct and substantial interest, for one year after his employment with that agency has ceased. A violation of this restriction would be subject to a fine of up to \$10,000 and imprisonment up to two years or both.

The major significance of H.R. 6954 with respect to the Commission is the creation of a new Office of Government Ethics within the Commission, to be headed by a Director to be appointed by the President with the

advice and consent of the Senate. Most importantly, the bill contains

provisions which would give the Commission the authority and responsibility it requires in the area of conflicts of interest. Among the powers enumerated are the monitoring and investigating of compliance with the public financial disclosure requirements by the various agencies, conducting reviews on a random basis of the financial statements filed in each agency, requiring reports from agencies as needed by the Director of the Office of Government Ethics and ordering corrective action on the part of agencies and employees which the Director deems necessary. At the present time, the Commission is carrying out its functions and responsibilities under the ethics program pursuant to Executive Order 11222. Questions have been raised as to whether the Commission has remedial authority over the federal agencies in the ethics field, and while the Commission has prevailed in many situations by a type of persuasive influence, specific authority to the Commission through legislation would remove any doubt as to the Commission's power and responsibility for the ethics program.

I appreciate the purposes of another bill before your Subcommittee,

H.R.2733, a bill which would restrict the activities of employees at the level of GS-16 and above where their actions are likely to have a significant impact on matters regulated by their agency. We believe that such considerations are covered generally by H.R.6954 and that rather than approach each possible or potential conflict by separate enactment, it would be preferable to have them handled by broader legislation such as H.R.6954, with implementation through the Director of the proposed Office of Government Ethics in the Commission.

It has been a pleasure to appear before you.